

### **Baby Bonds Pilot Program**

*As we continue to implement the Baby Bonds Pilot Program in 2025, we are recommending certain clarifying changes to 3 V.S.A. chapter 20 to ensure we have the necessary tools to launch the Pilot. First, we recommend statutorily creating a separate Pilot program section to more clearly distinguish the Pilot from the permanent trust program and to direct the Treasurer to include certain parameters in the design of the Pilot. Second, we propose directing the Treasurer to submit ongoing annual reports during the term of the Pilot as well as a final report upon completion of the Pilot that analyzes its impact. Third, we recommend establishing a separate special fund for the Pilot that is separate from the Trust created in 3 V.S.A. § 608. Pilot funds will not be invested in a trust in the same way that those monies would be invested for a permanent long-term baby bonds program. Pilot funds will be distributed within 2-3 years of receipt of those funds and a special fund is more appropriate than a Trust for this purpose.*

*Sec. 1. 3 V.S.A. chapter 20 is amended to read:*

...

*§ 609. Implementation; Trust pilot program*

*The Treasurer's duty to implement this chapter is contingent upon publication by the Treasurer of an official statement that the Treasurer has received donations funds designated for purposes of implementation or administration of the Trust in an amount sufficient to operate a pilot program the Trust as set forth below.*

*§ 610. Baby Bonds Pilot Program*

1. *Authorization. Upon publication, the Prior to the implementation of the Trust as described in Sec. 609 of this chapter, the Treasurer shall commence a is authorized to commence a Baby Bonds Pilot Program of not more than five years for the purpose of evaluating the impact, effectiveness, and operational necessities of a permanent Trust consistent with this chapter. implementing the Trust pursuant to the provisions of this chapter. The pilot program commencement of the Pilot Program shall be contingent upon publication by the Treasurer that the Treasurer has received funding to administer and implement the Pilot. used to evaluate the impact, effectiveness, and operational necessities of a permanent program consistent with this chapter. (Added 2023, No. 184 (Adj. Sess.), § 17, eff. July 1, 2024.)*

2. *Pilot Design. The Treasurer is authorized to design the Baby Bonds Pilot Program, which may include the following:*

1. *establishing and appointing members to an advisory committee ;*
2. *identifying research and evaluation partners;*
3. *evaluating eligibility criteria for recipients and the final selection of recipients;*
4. *establishing performance metrics and reporting requirements;*
5. *working with an investment consultant to create an investment plan and guidance for Program funds;*
6. *creating partnerships with organizations around the State to support the program and provide feedback on wrap-around services; and*

7. conducting outreach to potential recipients.

(c) Report.

1. Beginning on January 15, 2026, and annually thereafter until January 15, 2030, , the Treasurer shall submit a report to the Senate Committee on Economic Development, Housing, and General Affairs and the House Committee on Commerce and Economic Development on detailing the activities, operations, receipts, and expenditures of the Program during the preceding calendar year, and any other information regarding the Program.
2. On January 15, 2031, the Treasurer shall submit a report to the Senate Committee on Economic Development, Housing, and General Affairs and the House Committee on Commerce and Economic Development on the pilot project, including recipient demographics, income levels, geographic location of recipients, recipient behavioral changes, and recipient access to wrap-around services.

§ 611. Baby Bonds Program Fund

- (a) There is hereby established and created a fund entitled the Baby Bonds Program Fund to be administered by the State Treasurer. The purpose of the Fund is to support the administration of the Vermont Baby Bonds Pilot Program described in Sec. 610 of this chapter.
- (b) The Fund may receive State appropriations, gifts, grants, federal funds, and any other funds, both public and private, consistent with this section. The Funds may be expended for administrative and other purposes.
- (c) The Treasurer may invest monies in the Fund in accordance with the provisions of section 434 of this title. All balances in the Fund at the end of the fiscal year shall be carried forward and shall not revert to the General Fund. Interest earned shall remain in the Fund. The Treasurer's annual financial report to the Governor and the General Assembly shall contain an accounting of receipts, disbursements, and earnings of the Fund.